



Risk Committee Charter

Mad Paws Holdings Limited ACN 636 243 180

adopted on 17 March 2021



Contents

1. Introduction	3
2. Objective	3
3. Risk management and internal control	3
4. Internal Audit	4
5. Other responsibilities	5
6. Committee composition	5
7. Committee meetings.....	6
8. Minutes of Committee meetings	6
9. Reporting to the board	7
10. Access to information and independent advice.....	7
11. Approval, review and changes	7



1. Introduction

- 1.1 The Risk Committee (**Committee**) is a committee of the board of directors (**Board**) of Mad Paws Holdings Limited ACN 636 243 180 (**Company**).
- 1.2 The Board established the Committee in accordance with the Company's constitution.
- 1.3 This charter (**Charter**) sets out the Committee's role, responsibilities, membership and operation in relation to the Company and its related bodies corporate (**Group**).

2. Objective

- 2.1 The objectives of the Committee are to:
 - (a) assist the Board achieve its objectives in relation to:
 - (i) the application of controls and procedures;
 - (ii) the adequacy of practices and procedures in respect of achieving legal and regulatory compliance; and
 - (iii) the effectiveness of internal control and risk management systems;
 - (b) promote a culture of compliance;
 - (c) maintain effective communication between the Board and the Committee; and
 - (d) monitor compliance strategies and the effectiveness of the compliance function.

3. Risk management and internal control

- 3.1 The Committee is responsible for the oversight of risk management and internal compliance and control systems, including:
 - (a) overseeing the establishment, implementation and effectiveness of strategic risk management and internal compliance and control systems and assessing the effectiveness of those systems;
 - (b) approving and recommending to the Board for adoption policies and procedures on risk oversight and management to establish an effective system for:
 - (i) identifying, assessing, monitoring and managing risk; and
 - (ii) disclosing any material change to the risk profile;
 - (c) regularly reviewing, at least annually, and updating the risk profile and risk appetite of the Group and monitoring management's performance against the Company's risk management framework, including to satisfy itself that it continues to be sound and whether it is operating within the risk appetite set by the Board;
 - (d) making recommendations to the Board in relation to changes that should be made to the Company's risk management framework or to the risk appetite set by the Board;



- (e) assessing whether the risk management system takes into account all material risks, including risks arising from:
 - (i) implementing strategies (strategic risk);
 - (ii) operations or external events (operational risk);
 - (iii) legal and regulatory compliance (legal risk);
 - (iv) changes in community expectation of corporate behaviour (reputation risk);
 - (v) a counterparty's financial obligations within a contract (credit risk);
 - (vi) changes in financial and physical market prices (market risk);
 - (vii) being unable to fund operations or convert assets into cash (liquidity risk);
 - (viii) requirements of loan / finance lease documentation (financing risk); and
 - (ix) any environmental or social sustainability factors (environment and social risks);
- (f) assessing if management has controls in place for unusual transactions and any potential transactions that may carry more than an acceptable degree of risk;
- (g) receiving and reviewing reports from the senior compliance manager/risk officer;
- (h) reporting to the Board on the Committee's qualitative assessment of the risk management process;
- (i) receiving reports from management and reviewing any material incident involving actual or suspected fraud, theft or other breach of the law, or a break-down of the Company's risk controls, and review the "lessons learned";
- (j) receiving and reviewing reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks; and
- (k) receiving copies of significant correspondence from regulators (including ASIC, the Australian Taxation Office and ASX) and consider a response.

4. Internal Audit

4.1 The Committee will:

- (a) recommend to the Board the appointment of an internal auditor if and when one is required; and
- (b) if and when the appointment of an internal auditor is required:
 - (i) recommend to the Board for approval the appointment (and removal if required) of the head of internal audit and the audit fee (if externally contracted);
 - (ii) ensure that no management restrictions are placed upon the internal audit function;



- (iii) review the reporting lines to ensure that the internal audit function is adequately independent from management and objectively conducted;
- (iv) ensure that the internal audit function is sufficiently resourced to meet its responsibilities;
- (v) review and approve the scope and adequacy of the internal audit plan, and oversee its execution;
- (vi) review the major findings of internal audit investigations, the appropriateness of management's response and the completion of agreed actions;
- (vii) ensure co-ordination between the internal and external auditor;
- (viii) review the performance of the internal auditor; and
- (ix) meet at least twice a year with the internal auditor independently of management.

5. Other responsibilities

5.1 The Committee is responsible for:

- (a) overseeing the Group's insurance program, having regard to the Group's business and the insurable risks associated with its business, and reviewing and assessing the adequacy of the Group's insurances, including (as applicable) insurance relating to directors and officers liability, company reimbursement, professional indemnity, crime, special accident and trustees liability, cyber security and any other relevant insurance policies or requirements;
- (b) if it considers appropriate, investigating any complaint or allegation made to it;
- (c) reviewing the appropriateness of the Company's business continuity and disaster recovery plans;
- (d) receiving an annual briefing from the Company's Chief Information Officer (or equivalent) regarding dependence on critical information technology systems and steps to ensure the system's robustness and integrity;
- (e) reviewing and monitoring any related party transaction and recommending whether it should be approved by the Board; and
- (f) monitoring that the risk management and compliance policies and procedures are followed and ensuring they are adequately documented and that those documents are reviewed and updated for any legal and regulatory developments.

6. Committee composition

6.1 It is the Company's intention that the Committee will be comprised of:

- (a) at least three non-executive directors; and
- (b) a majority of independent directors.



- 6.2 The Board will appoint the Committee chairperson. The chairperson must be an independent director and may not be the chairperson of the board.
- 6.3 While the Company will aim to have a Committee of at least the size and composition outlined in paragraphs 5.1 and 5.2 above, this may not always be practicable given the size of the Board and the circumstances of the Group, including the nature of the Group's business. Accordingly, the Board has absolute discretion to determine the appropriate size and composition of the Committee from time to time.
- 6.4 The company secretary of the Company will act as secretary to the Committee.
- 6.5 The Committee must be of sufficient size, independence and technical expertise to effectively discharge its mandate.
- 6.6 Each member of the Committee must be able to read and understand financial statements and at least one member must be a qualified accountant or other financial professional with experience of financial and accounting matters.
- 6.7 Each member of the Committee should have an understanding of the industry in which the Group operates.
- 6.8 The Board will decide appointments, rotations and resignations within the Committee having regard to the Corporations Act, the ASX Listing Rules and other rules and recommendations that may apply from time to time.

7. Committee meetings

- 7.1 The Committee will meet as often as it considers necessary but not less than four times in each financial year.
- 7.2 A quorum for a Committee meeting is two Committee members.
- 7.3 Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.
- 7.4 The Committee may invite non-committee members it regards as appropriate to attend Committee meetings.
- 7.5 The secretary is required to convene a meeting of the Committee if requested to do so by any member of the Committee or the external auditor.
- 7.6 All directors who are not members of the Committee will have the right to attend (but not vote at) meetings of the Committee.

8. Minutes of Committee meetings

- 8.1 The Committee must keep minutes of its meetings.
- 8.2 Minutes of each Committee meeting must be included in the papers for the next full Board meeting after each meeting of the Committee.



- 8.3 Minutes must be distributed to all Committee members, after the Committee chairperson has approved them.
- 8.4 Minutes, agenda and supporting papers are available to directors upon request to the Committee secretary, except if there is a conflict of interest.

9. Reporting to the board

- 9.1 The Committee chairperson must report the Committee's findings to the Board after each Committee meeting.
- 9.2 The Committee should review its own effectiveness and make any necessary recommendations to the Board to improve its own effectiveness.

10. Access to information and independent advice

- 10.1 The Committee may seek any information it considers necessary to fulfil its responsibilities.
- 10.2 The Committee has access to:
- (a) management to seek explanations and information from management; and
 - (b) the external auditor and internal auditor (if appointed) to seek explanations and information from them, either with or without management being present.
- 10.3 The Committee may seek professional advice from employees of the Group and from appropriate external advisers, at the Company's cost. The Committee may meet with these external advisers without management being present.

11. Approval, review and changes

- 11.1 This Charter was approved and adopted by the Board on 17 March 2021.
- 11.2 The Committee will review this Charter annually or as often as it considers necessary to ensure this Charter remains effective and relevant to the current needs of the Company.
- 11.3 The Board may amend this Charter from time to time by resolution.